

Just 5 Minutes

TAXCONTM INDIA PRIVATE LIMITED

INCOME TAX ACT

1. *Reg PAN Aadhar Linking*

Every person who has been allotted PAN as of July 1, 2017, and is eligible to obtain an Aadhaar number shall link his PAN with Aadhaar by March 31, 2022. If the assessee fails to do so, the PAN allotted to the person shall be made inoperative. A fee of Rs. 500 is levied if PAN-Aadhaar is linked by June 30, 2022, and Rs. 1000 in any other case

2. *Exclusion for faceless assessment*

The CBDT has clarified that the cases pending with Jurisdictional Assessing Officer as on March 15, 2022 or thereafter, for which the time limit for completion expired on March 31, 2022, shall be out of the purview of faceless assessment under section 144B if such cases cannot be completed within limitation period due to technical or procedural constraints.

3. *Condonation of delay for filing Form 10IC*

The CBDT has provided condonation in delay in filing Form 10-IC under Rule 21AE for Assessment year 2020-21 to claim concessional rate of tax 22% under section 115BAA of the Act, upto June 30, 2022.

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4. *Lok Sabha passed Finance Bill*

The Lok Sabha has passed the Finance Bill 2022 on March 25, 2022 and some significant amendments are as under:

- It proposes to remove the word 'other' from section relating to set off of losses from gains in virtual digital assets. This would mean that loss from the transfer of virtual digital assets (VDA) will not be allowed to set off against the income arising from the transfer of another VDA. Income from VDA shall be computed and taxed as per section 115BBH irrespective of the fact whether such income is covered under the head business or profession, capital gain, or other sources.
- No exemption if a person as referred to in section 13(3) receives gifts from trust.

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- The Finance Bill, 2022 had proposed a retrospective disallowance of deduction for surcharge or cess. The proposed amendment now explains that any deduction of surcharge or cess which was claimed and allowed will be considered as under-reported income for such previous year. The penalty provision of 50% u/s 270A will also apply on such under-reporting income.
- Cancellation provisions extended to 'provisionally approved' Trusts or institutions.
- A person falling under the second proviso to section 139(8A) shall not be able to file the updated return for the previous year in which action (i.e., search, survey, or requisition) is made and for any preceding previous year.

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- The Bill has inserted the fifth proviso to section 139(8A) to provide that if as a result of furnishing of an updated return for a previous year, the following is reduced for any subsequent year, then the person shall be required to file the updated return for each such subsequent year:
 - (a) loss or any part thereof carried forward under Chapter VI; or
 - (b) unabsorbed depreciation carried forward under section 32(2); or
 - (c) tax credit carried forward under section 115JAA; or
 - (d) tax credit carried forward under section 115JD.
- The time limit for completion of assessment u/s 143(3) or 144 for the Assessment Year 2020-21 has been proposed to within 18 months from the end of the Assessment Year in which income was first assessable.

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- The limitation period for completion of assessment in search/requisitioned cases is given in the below table:

Date of search	Limitation period
On or after 01-04-2021	Within 12 months from the end of the financial year in which notice was Served
Between 01-04-2020 and 31-03-2021	On or before 30-09-2022
Before 01-04-2019 and 31-03-2020	Within 12 months from the end of the financial year in which last of the authorizations for search/requisition was executed

- Provider of benefit or perquisite has to “ensure that tax required to be deducted has been deducted”.
- Books of accounts include books maintained/kept in electronic or digital form.

COMPANIES /LLP ACT

1. *Requirement for accounting package deferred to April 01, 2023*

The MCA has further deferred the implementation of Audit Trail feature/ requirement for Accounting Software upto April 01, 2023.

2. *Due date extended for CSR-2*

Due to various issues faced by companies in filing of CSR 2 of FY 2020-21, the Ministry has extended the due date for filing the Form CSR-2 upto May, 31, 2022.

CASE LAWS - INCOME TAX

1. *ACIT v. Subhodh Menon (ITAT Mumbai)*

It has been held that section 56(2)(vii) is a counter evasion mechanism to prevent money laundering of unaccounted income & does not apply to bona fide business transaction done out of business exigency. The difference between alleged fair market value of share and the subscribed value of shares cannot be assessed as income u/s 56(2)(vii)(c)

2. *Kiran R. Sawlani v. ITO, (Intl. Tax) -*

It has been held that where Assessing Officer instead of referring valuation of property to Valuation Officer took value adopted by Stamp Valuation Authority as FMV of property and made an addition under section 56(2)(vii)(b)(ii), method so adopted by Assessing Officer clearly militated against mandate of law and said additions was to be deleted.

CASE LAWS - INCOME TAX

3. *Unique Estates Development Co. Ltd. vs. DCIT (ITAT Mumbai).*

It has been held that income arising from unsold flats shall be treated as business income under Income Tax Act.

4. *Perizad Zorabian Irani v. PCIT (Bom.)(HC)*

It has been held that the remuneration and interest received from the partnership firm cannot be treated as gross receipt of the assessee for considering the limit of tax audit.

CASE LAWS - INDIRECT TAX

1. *AAR in Emcure Pharmaceuticals Ltd.*

The Maharashtra Authority for Advance Ruling (AAR) has held that notice pay recovery made from employees on account of not serving full notice period is not for any breach of contract or forbearance or toleration and therefore, not liable for GST.

IMPORTANT JUDGEMENTS

1. *Himani Walia v. Himani Walia & Ors.*

The Delhi High Court Justice, Ms. Pratibha Singh has observed and held that there is no requirement to compulsorily register family settlements and to pay stamp duty for the same when such settlement is initially arrived at as an oral partition, however, later is put into writing for the purpose of information.

2. *Supreme Court on closure of mfg unit*

The Supreme Court has held that a manufacturing unit – set up after requisite approvals and contributing to the economy by providing livelihood to hundreds of people, cannot be closed down for a technical irregularity of want of prior environmental clearance (EC).



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